

September 21, 2001

Robert W. Healy
City Manager
City of Cambridge
795 Massachusetts Avenue
Cambridge, Massachusetts 02139

Dear Mr. Healy:

I am pleased to attach this letter to Harvard University's 2000-2001 Town Gown Report. In it, we intend to provide information about University housing.

HOUSING PHILOSOPHY

Historically, Harvard's leaders have promoted a residential community as the ideal environment for achieving the University's teaching and research mission. Harvard's residential facilities have served an important role in reinforcing the University's academic experience and have enabled students and faculty to partake in a vital intellectual community. Harvard's housing also reinforces the pedestrian orientation of its campus, minimizes automobile-related impacts on the surrounding community, and reduces demand for University parking and transportation resources. The University's physical plant reflects this residential philosophy as nearly one-third of the Cambridge and Allston campuses are dedicated to housing.

The University houses undergraduates, graduate students, and faculty in various types of residential facilities. As a whole, the University has nearly 13,000 beds and 9,100 units. In Cambridge, the University has 10,670 beds and 7,200 units, a supply that represents approximately 80% of the University's total number of dormitories and apartments.

WHO HARVARD HOUSES

Undergraduate Students: 97% of 6,660 undergraduates housed on campus

Harvard College houses approximately 97% of all undergraduates in an extensive on-campus residential system that includes freshman dormitories and The House System. Seventeen freshman dormitories, which are located in or close to historic Harvard Yard, house all first-year students. Nearly all upperclassmen are housed in twelve residences in The House System.¹ The Houses are located in two distinct campus areas: south of Harvard Yard along the Charles River and northwest of Harvard Yard around Radcliffe Quadrangle.

The house system is based on the English university model, in which students and faculty live and learn together. As uniquely adapted by President Lowell in the 1930s, the philosophy of the house system is that each Harvard house should function as a self-sufficient "mini-college" within the University community. Each contains its own dining hall, library, and common room. A master, associate or co-master, Senior Tutor, and other resident and non-resident tutor compose an administrative team for each House. This team coordinates activities, such as music, drama, theater, intramural sports, public service and other special interests for the student residents.

Living on campus is mandatory for freshman and strongly encouraged for upperclassmen. The combination of the freshman dormitories and the house system is such a successful model that less than only 3% of the total undergraduate population opt to live off campus.

¹ A thirteenth house is a center for graduate students, non-resident undergraduate, and undergraduates living in small cooperative Houses.

Graduate Students: 33% of 7,200 Cambridge-based graduate students housed on campus²

Many of Harvard University's graduate schools provide housing for students. In Cambridge, the University has 1,350 University-owned dormitories and 2,310 HPRE-owned apartments. These figures represent 50% of the total University-owned dormitory beds and 71% of the total HPRE apartment beds, respectively. In these facilities and in Soldiers Field Park Apartments in Allston, Harvard houses 33% of its Cambridge-based students.³

Faculty: 12% of 2,350 Harvard faculty members housed on campus⁴

Harvard houses approximately 12% of its all faculty members, including junior and senior faculty, visiting professors, and instructors teaching at the Cambridge, Allston and LMA campuses. The University offers rental housing primarily in HPRE's Affiliated portfolio, although some faculty members participate in the undergraduate experience as House Masters in the freshman dormitories and House System.

In addition to the rental opportunities, Harvard offers Observatory Commons as a homeownership opportunity. Constructed in 1989, this 23-unit wood-frame condominium development provides affordable units to Harvard faculty members. Units are deed restricted and must be sold to University faculty members. Because Harvard retains long-term control of the land, the price of the units is discounted accordingly. Because the units are discounted by the value of the land, Observatory Commons does not drive comparable sales indices.

Community: Nearly 10% of HPRE's 2,330-person tenant base are non-Harvard community members

In 1994 after rent control was officially eliminated, HPRE worked with the City of Cambridge and other non-profit agencies to consider the future of the formerly rent-controlled properties that Harvard owned. As part of the post rent-control action plan, Harvard sold 100 units to Homeowners Rehab as permanent affordable housing. Harvard also sold 18 small two and three-family properties to current tenants, Harvard faculty members, neighborhood members, and members of the general public (listed in priority order).

- 9 buildings were sold to tenants
- 3 buildings were sold to faculty
- 5 buildings and 1 parcel of land were sold to members of the neighborhood
- 1 building was sold to a member of the public

The University reinvested the proceeds from these sales into the remaining former rent control properties as part of portfolio and neighborhood-stabilization efforts.

Recognizing the need to provide affordable housing for the remaining Rent Control households in Harvard-owned residential facilities, in 1994/95 HPRE developed several special housing programs for qualified households. Today, nearly 10% of HPRE's tenant base are community members. These programs include:

- **Harvard's Protection Program**
For households at or below HUD guidelines of 60% median income for families or 80% of median income for the elderly or disabled.
- **Rent Moderation Program**
For households at or below 80% of median income or below for families.

² Many graduate students enroll in Harvard graduate schools, particularly GSAS and undertake study from great distances. Therefore, for this analysis only those students with locatable addresses in Massachusetts were included. Graduate students, who provided an unmatchable campus addresses, foreign address, did not provide an address, or provided a non-Massachusetts address, were excluded from this analysis. Seventeen percent of the total Cambridge-based graduate students were excluded for these reasons.

³ Cambridge-based graduate students include those who attend the following schools: Graduate School of Arts and Sciences, Graduate School of Design, Graduate School of Education, Harvard Divinity School, Harvard Law School, and Kennedy School of Government.

⁴ This number includes faculty members from all Schools.

– **Section 8 Vouchers**

The University partners with Cambridge Housing Authority to participate in HUD's Section 8 voucher program. Contract rent for units of qualifying tenants is approximately 25% below market and is subsidized by the University.

Other Contributions to Community Housing

- **Putnam Square Apartments:** a 94-unit apartment building for elderly and disabled persons. Putnam Square was built between 1970 and 1972 on Harvard-owned land. It has a 50-year ground lease, is HUD subsidized and administered by the Cambridge Housing Authority. HPRE is the designated managing agent of the property and in 2000, Harvard initiated a \$3 million renovation.
- **Chapman Arms (Craigie Arms):** a 50-unit mixed-income residential property. Located at 122 Mount Auburn Street, Craigie Arms is on Harvard-owned land that is subject to a 50-year ground lease. The Cambridge Housing Authority administers fifty percent of the units and 50% are priced at market rate.
- **Saint Paul's Rectory:**
In 1989, the University purchased the former St. Paul's Rectory and parking lot on DeWolfe Street for housing. As part of the public approval process, Harvard committed to make the Rectory building available for affordable community housing. Harvard retained ownership of the land and granted a 40-year ground lease to the developer. Today, the Rectory operates as a 21-unit residential development--19 of the units are for single-resident occupancy and two units are for families.
- **HELP Fund: a revolving loan fund**
In 1985/6, Harvard and the City of Cambridge established the Housing Emergency Loan Program (HELP), a revolving loan fund created to contribute to the rehabilitation of vacant and uninhabitable housing units in Cambridge. The HELP Fund was originally capitalized with a \$550,000 loan and had a ten-year term. Harvard replenished the Fund with subsequent annual loans totaling \$187,500.
- **20/20/2000: a 3-part program to contribute to affordable housing initiatives**
 - A \$20 million loan was distributed equally between Cambridge and Boston and managed by three non-profit intermediaries
 - Harvard Housing Innovation Grant Program was designed to support CDCs and housing non-profits as they seek innovative solutions to the challenges of affordable housing production.
 - Harvard will leverage its greatest asset--intellectual capital--in support of the affordable housing community.

ON-CAMPUS HOUSING: COMMUNITY BENEFITS AND CHALLENGES

Harvard plans to increase significantly its housing capacity and to house more students, faculty and staff on campus. The University's housing capacity is a critical factor supporting institutional competitiveness and the successful recruitment of the best students and faculty. In addition, the University aims to further minimize its residential impact on the Cambridge community by building supply, which will proportionately reduce demand for private housing and ultimately deflate private-market rental prices.

Community Benefits

Harvard considers housing as auxiliary to the academic mission, not as a profit center. Harvard believes its rent setting process works to stabilize local private rents. In setting rents, HPRE analyzes a database, containing more than 4,100 privately owned Cambridge and Somerville apartment listings advertised over the last three years. HPRE also consults outside sources and considers market indicators relating to historical demand trends in the local market. HPRE set rents in the lower band of current comparable market, not luxury market. Last year's research, for example, suggested that market rents were increasing at a 12% growth rate. New Affiliated residents, who signed leases for the 2001-02 rental season were offered units at only a 7% increase over the prior year's rents. Current residents experienced only a 5% rent increase. Instead of driving rental prices higher by setting rents at the top of the market, Harvard stabilizes local rents by increasing them moderately.

Minimizing Impacts on Local Market: The Challenges

There are challenges associated with residential capacity building. Many of these challenges are external, including timing as related to public approvals and permitting, political opposition, and the “historic red line” agreement in Cambridge.

Timing

Timing is a considerable challenge for housing creation. The planning, development, and permitting phases of Harvard’s housing projects can be extensive as a result of the necessary external projects approvals. Lengthy planning, development and approvals phases can delay occupancy by years. For example, DeWolfe Apartments (1991) and One Western Avenue (in construction) are the University’s most recent housing projects. The planning and construction of DeWolfe Apartments was four to five years from project inception to occupancy. One Western Avenue began with a feasibility study in 1997. The City of Cambridge could facilitate capacity building by streamlining approval processes for residential projects.

Neighborhood Opposition

Housing development in Cambridge is often complicated by neighborhood politics. This is often true of community and institutional housing projects. City councilors have called on the Cambridge educational institutions to house their students without significant impacts on residential neighborhoods. However, neighborhood politics affect the timing of projects, can delay occupancy, and protract the realization of community benefits associated with institutional capacity buildings. The City of Cambridge could facilitate capacity building by helping the University resolve conflicts with its neighbors in regard to the creation of new housing.

Residential Property Acquisition Limit: “the historic red line” in Cambridge

In the 1970s, the University entered into a voluntary agreement with the City of Cambridge to limit residential property acquisitions. At the time of negotiation, it was called the Residential Property Acquisition Limit. Since then, Harvard and City of Cambridge officials have called it the Red Line Agreement because the boundaries beyond which neither the University nor its agents would buy existing residential property in Cambridge were delineated with a red line drawn around campus. The Red Line Agreement officially expired in 1980.

Because academic programs are the highest priority for the University and academic development will likely be on core campus land, residential development in Cambridge will be likely at or beyond the edges of campus. Harvard can more effectively address the City’s interest in housing more students if opportunities to do so outside of the expired Red Line can be supported and encouraged.

Conclusion

Harvard shares with the City of Cambridge a goal to increase the supply of on-campus housing. The University and the City of Cambridge have mutual housing interests and neither interest can be achieved without collaboration. We look forward to working with you over the next year to advance the University’s housing agenda.

Sincerely,

Kathy A. Spiegelman
Associate Vice President
Harvard Planning and Real Estate

Attachments: Map Attachments

cc: Mary Power and Travis McCready, Harvard Office of Government and Community Affairs
Susan Keller, Harris Band, Harvard Planning and Real Estate